

Message Text

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PAGE 01 STATE 007056

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ORIGIN SS-25

INFO OCT-01 ISO-00 SSO-00 NSCE-00 /026 R

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O 110119Z JAN 75
FM SECSTATE WASHDC
TO AMEMBASSY PHNOM PENH IMMEDIATE

S E C R E T STATE 007056

EXDIS

E.O. 11652: GDS
TAGS: EAID, CB
SUBJECT: FAA CEILINGS - ECONOMIC AND PL 480

REF: A. PHNOM PENH 577
B. STATE 5531

1. WE HAVE REVIEWED REFTEL A IN WHICH YOU REQUESTED
BASICALLY (A) THAT THE DOLS 250 MILLION CEILING BE RAISED
TO DOLS 270.2 TO PERMIT PURCHASE OF 365,000 MT OF RICE, AND
(B) THAT AUTHORITY BE GRANTED IMMEDIATELY TO PERMIT DIRECT
DOLLAR CONVERSION OF DOLS TEN MILLION UNDER THE REFUGEE
PROJECT RATHER THAN THROUGH CIP FOR LOCAL CURRENCY
SUPPORT OF REFUGEES. WE HAVE GIVEN CAREFUL CONSIDERATION
TO YOUR REQUESTS AND REGRET THAT WE CANNOT CONCUR IN
THE PROPOSED MODIFICATIONS FOR THE FOLLOWING REASONS:

A. THE INITIAL AND PRIMARY FOCUS OF OUR STRATEGY WITH
CONGRESS WILL BE ON ELIMINATION OF THE CURRENT CEILING TO
PERMIT OUR FULL FY 1975 PL 480 REQUIREMENT. IF

SECRET

SECRET

PAGE 02 STATE 007056

SUCCESSFUL, RICE ALLOCATIONS THEN BECOME AN EXECUTIVE

BRANCH DECISION.

B. WE BELIEVE OUR CHANCES FOR A SUCCESSFUL APPROACH TO CONGRESS ON THE ABOVE BASIS ARE ENHANCED BY PRESENTATION OF A MINIMUM QUOTE SURVIVAL UNQUOTE REQUIREMENT, AS OUTLINED IN REFTEL B. AT THE SAME TIME WE WILL MAKE CLEAR

THAT OUR FIELD MISSION STRONGLY BELIEVES THAT A MINIMUM OF 365,000 TONS OF RICE ARE REQUIRED FROM FY 1975 APPROPRIATIONS.

C. IF CONGRESS INSISTS ON A CEILING OF DOLS 250 MILLION FOR PL 480 AND ECONOMIC ASSISTANCE, SOME MARGINS FOR ADDITIONAL RICE (ABOVE 314,000 MT) DO EXIST IN OUR CURRENT ESTIMATES AND ASSUMPTIONS CONCERNING FREIGHT RATES, MONTHLY DRAWDOWNS, RICE PRICES AND YOUR LOWERED REQUIREMENT FOR WHEAT.

D. WE DO NOT ANTICIPATE A MAJOR PROBLEM WITH CONGRESS WITH RESPECT TO PROGRAMMING DOLS TEN MILLION OF THE DOLS TWENTY MILLION FOR HUMANITARIAN ASSISTANCE THROUGH CIP AS PROPOSED IN REFTEL B. WHILE YOUR SUGGESTION HAS MERIT, TO CHANGE OUR APPROACH NOW WOULD NECESSITATE HIGH LEVEL REFERRAL OF THE ISSUE AND WOULD ENDANGER THE STRATEGY AND TIMING OUTLINED IN REFTEL B. WE ARE INSTEAD SUGGESTING BY SEPTEL LANGUAGE FOR THE PAGA WHICH WILL MORE CLEARLY SHOW THAT DOLS TEN MILLION OF THE 62.8 MILLION IS FOR THE PURPOSE OF GENERATING COUNTERPART FOR HUMANITARIAN PURPOSES.

2. YOU MAY MAKE MINOR ADJUSTMENTS RECOMMENDED IN REFTEL A WITHIN THE CIP ALLOTMENT OF DOLS 31.8 MILLION BUT PLEASE INFORM US OF THE EXACT DISTRIBUTION. WE ARE UNABLE AT THIS TIME TO INCREASE THE MOB ALLOTMENT TO DOLS 1.9 MILLION AS REQUESTED. THIS CAN BE ADJUSTED LATER THROUGH DEOBLIGATION OR NEW ALLOTMENTS.

3. BY THE TIME THAT YOU RECEIVE THIS MESSAGE YOU WILL HAVE RECEIVED ALL OF THE INSTRUCTIONS, AUTHORIZATIONS AND ALLOTMENTS MENTIONED IN PARA 6 REFTEL B. WE REQUEST
SECRET

SECRET

PAGE 03 STATE 007056

THAT YOU PROCEED WITH THESE ACTIONS AS RAPIDLY AS POSSIBLE. KISSINGER

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